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October 13, 2005

The Honorable Kevin J. Martin
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

**Re: *Ex Parte* Presentation
 *IP Enabled Services; WC Docket No. 04-36***

Dear Chairman Martin:

This letter is responsive to your recent request for information regarding Covad's Voice over Internet Protocol ("VoIP") services and Covad's ability to save its small and medium sized business customers up to 40% on their business voice service needs.

Covad currently is the market leader for hosted PBX VoIP services, offering VoIP services in 125 major metropolitan areas covering 900 cities in 44 states. Combining Covad VoIP and broadband services allows small and medium sized businesses to meet their total communications needs through one provider. Covad's business class VoIP products include:

- **vPBX** - a "virtual PBX" service, which does not require the subscriber to purchase PBX equipment and is a fully hosted VoIP solution with advanced features such as "Find Me/Follow Me," instant conference calling, and easy adds, moves, and changes provided with Covad's award winning Dashboard web-based management tool, and
- **PBXi** – a premises-based solution that enables the cost savings, flexibility, and functionalities of a fully integrated VoIP solution using a customer's existing PBX, KTS, or IP-PBX equipment base.

Much of the cost savings enjoyed by Covad's small and medium sized business VoIP subscribers is directly related to lower equipment costs. At the outset, hardware costs such as any upfront investment in a PBX or conference system are eliminated. Also, installation costs related to initiating Covad VoIP service are reduced because there is no need to initially install a PBX or similar equipment. These equipment related savings are compounded over time as subscribers avoid ongoing equipment maintenance costs, including costs related to in-house or third party PBX technicians. Equipment and related maintenance costs are also significantly reduced when our customers combine voice and data services over a single "pipe" as opposed to keeping voice and data services separate.

Beyond savings related to customer equipment, customer savings accrue due to decreased costs that Covad itself incurs related to its VoIP network. For instance, Covad's advanced backbone network and IP switching platform are ultimately more efficient and less costly to run and maintain than a traditional TDM network. Some costs that are reduced include costs related to port costs, reduced switch space requirements, ease of transport, and the use of a single transmission protocol.

Covad's VoIP subscribers also save both time and money by working with Covad as its complete communications vendor, as opposed to juggling and dealing with multiple vendors and multiple products. Covad VoIP subscribers also enjoy less expensive local, long distance, and conferencing costs due to Covad's efficient and advanced network configuration. Finally, Covad VoIP subscribers see cost savings related to increased productivity made possible by the use of Covad's Dashboard. For example, Covad's VoIP Dashboard allows subscribers to eliminate "phone tag" and missed calls with its "Find Me/Follow Me" feature, and allows subscribers to save time by prioritizing and more effectively managing voicemail, e-mail, and fax messages.

Pursuant to Section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b), an electronic copy of this notice is being filed in the above-referenced proceeding.

Respectfully submitted,

 /s/ Susan Jin Davis
Susan Jin Davis
Vice President, External Affairs and
Investor Relations